ASSET Initiative Savings and Individual Development Accounts

Building a nest egg of cash savings to help stay afloat in case of job loss, health crises, or other emergencies is an important step toward financial stability. It also can help to build wealth, when savings can be leveraged to acquire assets. Asset ownership can lead to financial security.

Often struggling to make ends meet, many low-income families and individuals have difficulty finding money to set aside monthly for savings. As a result, a short-term economic crisis can result in homelessness or cause a person to ruin their credit by charging daily expenses they cannot pay off. Being a low wage earner does not mean a person is unable to save money. When equipped with the right knowledge and training, low-income individuals and families can save money to set aside for emergencies and the purchase of lifelong assets.

Individual development accounts (IDAs) are a mechanism that organizations can use to enable low-income and low-wealth people to save regularly small amounts of earned income for specified goals in defined timeframes. An IDA is a bank account that allows individuals and families to save money and eventually acquire an economic asset to build long-term financial stability. Every dollar in savings deposited into an IDA by participants is matched by an organization, promoting savings and enabling participants to acquire a lasting asset.

Programming Ideas

Ways to integrate savings and IDAs into your organization's programming include:

- Learn about the Assets for Independence (AFI) program at www.IDAresources.org.
- Applying for an AFI grant to begin providing IDAs to the families you serve.
- Partnering with an existing AFI grantee that can offer IDAs to the families you serve. Visit the AFI Resource Center Web site to locate an AFI program near you.

Successful Programs

These programs and others are highlighting the value of bringing financial education to families:

Central Vermont Community Action Council, Inc.—an AFI grantee since 1999—manages a network of community action agencies and financial institutions that work collaboratively to promote financial literacy, refer participants to necessary services, and encourage Vermonters to accumulate assets. Central Vermont has helped participants save more than \$700,000, which is matched through their IDAs. Savers have purchased more than 500 assets through the program. For more information on Central Vermont Community Action Council, visit www.cvcac.org.

Allston Brighton Community Development Corporation (ABCDC), an AFI grantee, is one of the oldest community development corporations in the Boston area. Through the organization's Savings for Success Program, ABCDC has helped participants save more than \$300,000 in 256 IDAs. Participants can use IDAs for purchasing homes, postsecondary education, and small businesses. ABCDC advises participants to take home prices and local economic conditions into account when selecting which type of asset to pursue, a strategy that has helped participants succeed even in difficult times. For more information on ABCDC, visit www.allstonbrightoncdc.org.

The Assets for Independence (AFI) Program, the largest source of Federal funding for IDAs, provides funding for nonprofit organizations, qualified State and local governments, community development credit unions, and other community-based organizations to provide financial education and IDAs for qualified individuals in their area. AFI offers grant funds for asset building programs nationwide that provide low-income individuals and families with tools they need for long-term economic success. Contact the AFI Resource Center for more information on partnering with or becoming an AFI grantee.

Visit the AFI Resource Center Web site at www.IDAresources.org for more information on savings and IDAs. Contact the AFI Resource Center to talk with an asset building specialist about strategies for bringing asset building to the families you serve.



About the ASSET Initiative

Families stand a better chance of escaping poverty if they know how to use their money and resources effectively, and grow their assets over time. The ASSET Initiative, a collaborative effort within the Administration for Children and Families (ACF), brings together ACF offices and their partner agencies and organizations at the State and community levels to extend the benefits of asset building services to more individuals and families across the Nation. The ASSET Initiative highlights the six asset building strategies shown above.

ACF grantees, partners, and staff can incorporate these strategies into their efforts to support individuals and families. The programming ideas suggested here are only examples of how agencies and organizations can incorporate asset building into their work with families to improve their financial stability.

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